Access to Microfinance & Improved Implementation of Policy Reform (AMIR 2.0 Program)

Funded By U.S. Agency for International Development

Needs Assessment of the Telecommunications Regulatory Commission (TRC) of Jordan

Final Report

Deliverable for ICTI Component, Task No. 423.1 Contract No. 278-C-00-02-00210-00

August 2002

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I.   BACKGROUND

The recently passed telecommunications law allows for a substantial reorganization of the Telecommunications Regulatory Commission (TRC) and a redirection of the mission and responsibilities of the Ministry of Post and Communications. The updated law reflects the convergence of technologies and services currently under way in the telecommunications field, with the Ministry's focus being on the information technology and telecommunications sectors. The new law establishes a full-time board of commissioners and expands the responsibilities of the TRC to include administration of a universal service fund and stronger overall regulatory oversight of the telecommunications sector.

As part of the AMIR 2.0 project, Telecommunications Management Group (TMG) conducted an assessment of Jordan's TRC during February 1-8, 2002. While in Jordan conducting the detailed needs evaluation for the first year of the AMIR 2.0 project, Mindel De La Torre took into consideration the revised telecommunications law and the TRC's imminent transition to a full-time board and a more independent regulatory body. Ms. De La Torre's trip included meetings with the staff of government agencies and the private sector to assist in this work. In fact, at the TRC, Ms. De La Torre interviewed the senior staff in every division to gather first-hand information and experiences to use as a basis for the assessment. These meetings helped determine how the agency is functioning, and what are some of the strengths and weaknesses of the agency. While most of the meeting time centered on the agency's current role and challenges, the staff also stressed the need to adapt to the new realities of the telecommunications sector in Jordan (e.g., the lawsuits against the agency and the lack of public awareness of the TRC), as well as what the effects of the new law will be on the TRC. Bob McDonald conducted a similar set of interviews July 27-31, 2002, in order to update the January assessment and to assess the TRC's need for a long-term consultant to implement the AMIR 2.0 program at the TRC.

II.   ASSESSMENT

The TRC is currently a regulator under siege. The TRC lacks the adequate staff, resources and training to address the needs of the sector that it regulates. The agency is so short staffed that the various divisions must prioritize what few activities that can be undertaken and accomplished in the short term and what can wait until there is more staff to take on the additional duties. The current staff is aware of the TRC's shortcomings and is eager to address them in the near term, but they are also concerned about the need for new leadership and vision for the TRC. Furthermore, the players in the telecommunications sector view the regulator in a negative light because of the lack of resources and the resulting amount of time that it takes to make decisions.   Outside of the telecommunications sector, there is very little awareness of the agency.

First and foremost, the TRC is facing an exodus of experienced staff to the private sector and has not been able to replace the senior managers that have and are leaving due to a substantial salary differential vis-à-vis their colleagues in the private sector. Attractive pay and benefits packages in the private sector have lured valuable TRC

professionals away from the agency to the point that the agency is currently severely understaffed with about 50% of authorized positions not filled. Low wages negatively affect the TRC's applicant pool as well. The TRC finds itself unable to compete with the private sector for high caliber new staff. Moreover, managers find themselves overburdened with the responsibilities of more than one full-time management position with little or no staff backup. Despite the fact that a new staffing law for the TRC was recently passed, the TRC will likely continue to find that it is difficult to recruit top-notch management, as even the new pay scales are significantly lower than equivalent private sector salaries. The hiring and retention of adequate and experienced staff is one of the highest priorities within the agency.

Relationships with groups outside the agency could be improved. Other parts of the Jordanian government, including the courts, are not well versed in the TRC's role and responsibilities. As the sector undergoes further market liberalization, appeals for court intervention in the TRC's decisions will increase. Today, the TRC lacks satisfactory legal support to deal with such challenges, and all legal work associated with the legal challenges is being outsourced. Corporate relations are strained as well. Those firms knowledgeable of the agency's activities generally view the TRC as an inefficient entity that reacts to situations rather than undertaking a proactive agenda. The agency's difficulties with spectrum management do not help the TRC's relationship to industry either. Given its lack of public visibility, the TRC currently has little interaction with consumers and takes no direct consumer protection role, which should become a priority for the agency.

Although the TRC has made progress on a number of issues while facing considerable constraints, the TRC must move rapidly to position itself to meet responsibilities identified in the new law and effectively respond to consumer and industry complaints. Regulators will continually face challenges and be under siege; however, the TRC is facing significant human resource and management impediments that can have a detrimental impact on the success on the overall effort to liberalize the market and continue to attract foreign investment in Jordan.

There are many offers of technical and regulatory assistance to Jordan and the TRC. In fact, while in Jordan, Ms. De La Torre met with Mr. Mario Mariani of the EU to discuss ways that the AMIR 2.0 project could work with the EU's proposed cross-sectoral regulatory assistance project. The EU project still had not received approval from Brussels and realistically will not be in place before the end of 2002. All parties realize the importance of working together to reduce overlap and avoid redundancies once the EU project gets started. However, due to the delays in the implementation of the EU project, it is recommended that the AMIR 2.0 work continue as planned until the EU implementation begins when detailed coordination between the two programs can be instituted.

III.   CHALLENGES AND RECOMMENDED ACTIONS FOR THE TRC

This section focuses on the challenges and recommends possible actions that can resolve the issues currently facing the TRC. The issues are listed in priority order so that the highest priority is listed first. It is important to note that these are the results of the trip in July and priorities have been changed since Mindel De La Torre's February trip. As the year progresses, the priorities may change again so they should be considered a flexible working list.

A. Staff Recruitment
There is a lack of staff throughout the agency, even at the manager level where most managers are acting in more than one full-time slot. Experienced staff is being hired by the private sector. Low pay and uncertainties regarding the agency's bylaws have resulted in very few recent "new hires" for the TRC.

Goal: To ensure that the TRC is able to attract and retain the top-level talent necessary to carry out its various responsibilities under a new internal structure that will allow for effective management of issues coming before the TRC, taking into account the changes in the Telecommunications Law.

Actions to resolve the situation:
➢ Begin an aggressive effort to recruit new staff members and to provide the appropriate training resources for new hires.
➢ Develop a solid program to identify and recruit skilled middle-level and senior managers.
➢ Develop a plan to focus on staff retention, including training and other opportunities to keep staff motivated and engaged.
➢ Develop resources and procedures to allow use of high-quality consultants on short-term projects to enable use of specialized expertise for a limited duration.

Timing: As soon as possible, taking into account impact on needs of new organizational plan.

B. Internal Reorganization
Many uncertainties face the regulator as the new law has been passed that require major changes regarding both its management structure and its mandate.

Goal: To create an internal structure that will allow efficient and coordinated implementation of the new telecommunications law.

Actions to resolve the situation:
➢ Develop recommendations for new organizational structure tailored to face the challenges of implementing the new telecommunications law.
➢ Identify necessary skill set and job criteria for new key senior management positions.
➢ Ensure that the staff understands the new law and how it affects their duties and responsibilities.

➢ Assist the TRC and the Ministry to ease the anxieties in this time of transition, including beginning to develop a strategic plan that includes the new mandate and helps the staff transition to their new roles.

Timing: As soon as possible.

C. Staff Training
The TRC has little in-depth expertise on specific regulatory issues that it is facing as the market becomes more competitive. The training needs within the agency are great and span regulatory and human resource development areas.

Goal: To ensure that current and newly hired staff have the resources and expertise necessary to carry out various tasks needed for implementation of the new law and for the efficient functioning of the TRC.

Actions to resolve the situation:
➢ Work with the TRC to identify specific areas of assistance that are needed and to prioritize the training needs.
➢ Identify local/foreign experts to facilitate training.
➢ Identify outside training opportunities and assist with in-house training on particular issues.

Timing: For priority issues, as soon as possible; for other issues, once the agency is able to hire more staff.

D. Internal Procedural Reform
Current internal procedures are conducted in an ad-hoc manner, depending on the individual circumstances of particular issues at hand. Internal communication between departments needs to be improved so that all departments are working in a consistent manner toward a common goal.

Goal: To create defined internal decision-making procedures so that all departments have clear roles and expectations consistent with orderly and swift resolution of issues.

Actions to resolve the situation:
➢ Define internal decision making procedures for handling all issues that cross departments, including license interpretation, dispute resolution, rulemaking etc.
➢ Create defined delegation of authority for department heads and appeal procedures to the full Commission.
➢ Develop conflict of interest rules for employees and commissioners.
➢ Create ethics rules and internal controls to ensure clean reputation of TRC (especially with respect to assessment and collection of license fees).
➢ Facilitate better internal communication through regular, periodic meetings of department heads with chair/chief of staff.

Timing: As soon possible.

E. Reform of Legal Department

Recent TRC decisions are being challenged in the court system, while there is no senior legal counsel in the agency. Because the market is slowly liberalizing, more appeals and challenges can be expected. Procedures need to be implemented to ensure legal integrity of decisions and effective defense of decisions already taken.

Goal: To establish a solid core of legal expertise on which the TRC can rely to ensure the legal integrity of forthcoming decisions and effective defense of its positions on challenged issues.

Actions to resolve the situation:
➢ Hire a general counsel within the TRC to provide and manage the necessary legal support to ensure that decisions are as legally sound as possible.
➢ Create legal review process for all pending decisions.
➢ Conduct training of legal staff to learn new skills and better understand the role of the legal affairs office in a regulatory agency.
➢ Create procedures for use of outside firms where specific expertise is needed (and rely on internal legal resources only for issues within their ability).
➢ Create procedures for handling litigation of TRC decisions.

Timing: Appoint senior legal counsel as soon as possible; conduct training in the next six months.

F. Spectrum Management

Little progress has been made in developing spectrum management policies and coordination procedures. The new law places most of the spectrum policy functions at the Ministry, including maintaining the spectrum databases for Jordan, but the TRC maintains authority to assign spectrum and issue spectrum licenses. The TRC staff is very concerned about this shared responsibility. A TMG/AMIR spectrum expert has started working on these issues and will continue to address them throughout the year and into next year.

Goal: Establishment of sound spectrum management procedures, including a complete allocation table and solid information base of government spectrum use constraints on civilian spectrum use.

Actions to resolve the situation:
➢ Continue the follow-up on the initial work that the AMIR 1.0 spectrum expert conducted last year.
➢ Ensure smooth working relationship with Ministry and military/security agencies.
➢ Assist the Ministry and the TRC develop coordination procedures for spectrum matters using experienced spectrum managers from the United States, which has a similar bifurcated spectrum management system.
➢ Work with consultant and staff on implementation of recommendations.

Timing: Work has begun and will continue throughout the year.

G. Handling Consumer Affairs/Enforcement Issues

Current procedures for dealing with industry disputes and consumer complaints are either ad hoc or non-existent. The TRC has no complaint procedure, little

investigative and enforcement knowledge or resources, and no ethic of being pro-consumer. Consumers that have problems with telecommunications companies must currently complain to the company involved and/or the press; there is no telecommunications consumer advocate in Jordan. The new law, however, provides that the agency will protect the consumer.

Goal: To provide licensees and other members of the public a vehicle to resolve disputes and file complaints and to create realistic expectations regarding the decision making procedures of the TRC on relevant issues.

Actions to resolve the situation:
➢ Change the TRC's focus from being a regulator in a limited competition market to one that regulates a competitive market, including more actively representing the consumer.
➢ Assist the regulator to implement pro-consumer procedures and policies, including complaint mechanisms.
➢ Assist the TRC to develop means to educate consumers about their rights and the procedures that consumers can follow to redress their complaints.
➢ Develop effective dispute-resolution mechanisms and applicable procedures for issuing fines etc. to handle disputes between carriers regarding specific requirements of telecommunications law.
➢ Develop necessary organizational structure to handle relevant filings and to provide relevant information concerning ongoing regulatory processes to concerned parties (secretary function).

Timing: As soon as possible.

H. Development of Effective Public Affairs Office
There is very little awareness of the TRC outside of the companies that it regulates. The sector views it as reacting to problems but not being proactive (partially due to the lack of resources and partially because of inefficiency).

Goal: Transform the TRC from a reactive regulator to a proactive regulator; ensure that the TRC is viewed as effective and competent before the public, industry and other government agencies.

Actions to resolve the situation:
➢ Once the TRC Commissioners are appointed, launch a public relations campaign to change the image of the TRC.
➢ Hire experienced public affairs manager tasked with ensuring that TRC communicates effectively with the public and industry.
➢ Develop policies and internal procedures for releasing TRC information to the press and the public (including management of the web site).

Timing: Once the TRC Commissioners are appointed and staff hired to support such a public relations campaign.

I. Implementation of New Telecommunications Law (i.e., specific rulemakings/guidelines)

The TRC faces a host of new issues it is required to handle in implementing the new telecommunications law. Dealing with these issues in a consistent, well-thought-out, legally defensible manner is crucial to the TRC's future success.

Goal: To effectively accomplish each of the many implementation tasks demanded by the new telecommunications law.

Actions to resolve the situation:
➢ Catalog each of the rulemaking requirements made necessary by the new law.
➢ Develop internal and external rulemaking policies and procedures to allow efficient and well-coordinated policy decisions and drafting of rules.
➢ Ensure each decision receives adequate public input and legal review.

Timing: As soon as possible.

J. E-Government

E-government is a high priority for the King and the current administration in Jordan. The TRC is doing its best to be an e-government leader, with an informative web site and a move to on-line licensing. These efforts are all in spite of the lack of an in-house information technology division. The senior managers with computer expertise are trying to run the web site in addition to all their other duties.

Goal: To create an effective electronic framework to allow efficient dissemination of information and interaction with the public.

Actions to resolve the situation:
➢ Assist the TRC to become an e-government leader.
➢ Assist the TRC create an in-house IT division that will be able to maintain the web site, support the various TRC data bases, and assist with an on-line consumer outreach program (see below).

Timing: Within the next 3 months.

IV.   SHORT-TERM ACTION PLAN

TMG, under the AMIR 2.0 program, will work with the TRC to ensure that the following tasks and activities are undertaken in order to meet the challenges described in Section III.   For clarity and convenience, the section is divided into two parts, the first on institution strengthening and the second on regulatory issues. The goal is to determine where institutional assistance is required in the short term and integrate other assistance from donor agencies on projects that are already underway or that are planned to reduce duplication of efforts, expertise and resources. The AMIR personnel with the LOE and approximate timelines are included below as an initial identification of resources that may be necessary but are only illustrative not indicative. In addition, the LOE does not identify the personnel resources from the TRC that will be necessary to work in conjunction with the AMIR program on these activities. The LOE also does not indicate a division between work done in Jordan and in the home office.

Institution Strengthening

1) Continue to evaluate the current staffing and organization of the TRC and determine what changes need to be made to be consistent with the new law and new responsibilities, including:
   - Review current organizational chart and develop new organizational chart
   - Determine number of personnel and managers, as well as staff/manager ratios
   - Determine current responsibilities of divisions within the TRC and what changes need to be made
   - Allocation of work between divisions and how to avoid redundancies
   - Review vacancies; prioritize personnel needs and define hiring strategies
   - Update position descriptions with qualifications
   - Develop strategies for attracting top-level talent through consulting or other non-traditional staffing relationships
   - Physical office plans and location of staff

   PERSONNEL: Regulatory Management Expert/Human Resource Expert
   LOE: 10 days/5 days
   TIMELINE: Ongoing/September

2) Taking into consideration work that has already been carried out earlier in the year, develop strategic plan for TRC consistent with new law and new responsibilities, including:
   - Review current strategic plan
   - Identify new areas of responsibility
   - Meet with senior staff to evaluate strengths, weaknesses, opportunities and threats to revise strategic plan and articulate new mission
   - Identify short-term and long-term (broader) vision of where TRC should be headed
   - Draft and review revised strategic plan
   - Implement strategic plan

PERSONNEL: Regulatory Management Expert
LOE: 12 days
TIMELINE: Ongoing through when the new Board of Commissioners is in place.

3) Develop internal procedures for the TRC on the following issues:
   - Delegation of authority
   - Approval and issuance procedures for Commission decisions
   - Implementation of conflict of interest rules, including restrictions placed on individual employees (e.g., no interest in the communications field)
   - Leave, flexible work program, credit hours
   - Ethics training and compliance procedures (specifically related to assessment and collection of license fees)
   - Personnel evaluation criteria and performance appraisals
   - Promotion and retention of staff
   - Methods for discipline and removal of personnel
   - Recruitment procedures for commissioners and other key staff members
   - Policies for hiring women and disadvantaged groups
   - Travel policies
   - Public relations policies (who can speak to the press, etc.)
   - Compilation of material in Personnel Handbook

   PERSONNEL: Regulatory Personnel Manager
   LOE: 20 days
   TIMELINE: November-February (allowing time for input from TRC managers)

4) Develop training programs for new Commissioners and staff, including:
   - Assess current skill sets and educational/training needs
   - Identify in-house and outside training resources in Jordan (academic and industry entities) and develop training programs using these resources
   - Develop orientation program for new employees
   - Assess specific training needs and design special programs that can be taped for future use, access existing training programs such as ITU and FCC modules, develop seminars in Amman, and some focused programs for TRC staff to attend overseas
   - Develop regulator's exchange program – attract foreign regulators to work side by side with TRC – 1, 3 or 6 month programs
   - Prioritize specific topics or areas of training needs, such as interconnection, tariffing/pricing, licensing, universal access/service, legal and regulatory practice, competition policy, management skills, spectrum management, satellite, broadcasting

   PERSONNEL: *Training Expert*[*]/Regulatory Expert
   LOE: *20 days*/5 days
   TIMELINE: September-November, or when the new Board of Commissioners is in place.

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[*] *Entries in italics indicate personnel outside of TMG's core competency but within the AMIR 2.0 program.*

5) Implement and maintain training programs, including:
   - Managing regulator's exchange program
   - Provision of and ensuring access to training in areas that have been prioritized under item 4 above, such as interconnection, tariffing/pricing, licensing, universal access/service, legal and regulatory practice, competition policy, management skills, spectrum management, satellite, broadcasting

   PERSONNEL: *Training Expert[*]*/Regulatory Expert
   LOE: *20 days*/20 days
   TIMELINE: Ongoing (September-December)

6) Establish and publicize procedures for transparent and participatory regulatory decision-making, including:
   - Notice and comment periods for regulatory decisions
   - Appeal procedures
   - Dispute-resolution procedures
   - Develop enforcement proceedings and penalties for failure to observe the TRC's rulings
   - On-line comment capabilities through web site
   - Possible integration of input from advisory bodies
   - Conduct workshop for TRC staff on new procedures

   PERSONNEL: Legal and Regulatory Expert
   LOE: 20 days
   TIMELINE: September-November

7) Enhance public relations capabilities of TRC, including:
   - Establish telecommunications resources data base accessible to the public
   - Ensure adequate staffing of the public affairs office
   - Establish points of contact for each proceeding issued by TRC
   - Develop procedures and contacts for inter-agency communications, including parliament
   - Assess web site of TRC and enhancing consumer-oriented features, and ensuring adequate IT resources to support enhancements

   PERSONNEL: *Database Expert/Public Relations Advisor**
   LOE: *15 days/5 days**
   TIMELINE: October-November

8) Assist TRC to implement pro-consumer policies, including:
   - Assess current TRC capabilities to address consumer complaints
   - Establish complaint procedures and mechanisms
   - Analyze arbitration and alternative dispute resolution mechanisms
   - Establish penalties and enforcement proceedings for violations of consumer rights

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[*] *Entries in italics indicate personnel outside of TMG's core competency but within the AMIR 2.0 program.*

- Develop handbook for use when investigating consumer complaints

PERSONNEL: Legal and Regulatory Expert
LOE: 25 days
TIMELINE: October-November

9) Launch public relations campaign, including:
   - Increase understanding of how consumers and operators will interact with TRC
   - Publicize rights of consumers and complaint processes (including assessing whether toll-free number is necessary)
   - Distribute educational materials on rights of telecommunications consumers

PERSONNEL: *Public Relations Expert*[*]
LOE: *15 days**
TIMELINE: TBD -- After new Board of Commissioners is in place

10) Review budget and budgetary needs, including:
   - Determine costs associated with TRC regulatory work
   - Review TRC funding mechanisms, such as income from fees, licenses and enforcement
   - Develop short-term and long-term needs and wish list

PERSONNEL: Regulatory Budget Analyst
LOE: 15 days
TIMELINE: TBD **--** Check on budget cycle

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[*] *Entries in italics indicate personnel outside of TMG's core competency but within the AMIR 2.0 program.*

Regulatory Issues

1) Determine the level of responsibility and coverage of specific issues between the TRC and MoICT; identify new roles of each entity for overlapping areas of jurisdiction, particularly international and spectrum issues

   PERSONNEL: Regulatory Expert
   LOE: 5 days
   TIMELINE: Ongoing/September

2) Review and assist in the implementation of short-term and long-term spectrum management tools, including:
   - Intra-agency coordination procedures
   - Development of spectrum allocation tables and database of frequencies
   - Monitoring programs for both commercial and government use
   - Wireless licensing initiatives
   - Status of existing license holders
   - Status of spectrum fees
   - Enabling greater participation by commercial and public users of spectrum
   - Current approaches of dealing with identification, allocation and assignment of spectrum
   - Establishing complaint and investigative procedures for interference complaints; implement enforcement procedures
   - Review and assess issues related to broadcasting, such as initiatives relating to digital television or the status of broadcasting allocations

   PERSONNEL: Spectrum Experts
   LOE: 45 days
   TIMELINE: Ongoing though December

3) Prioritize regulatory initiatives, identify outside assistance and resources available for each initiative, and determine time frame for each initiative, such as:
   - Interconnection
   - Consumer interaction and complaint procedures
   - Tariffs/rate rebalancing
   - Numbering
   - Status of universal service
   - Convergence issues, including Internet issues (VoIP)
   - Introduction of 2nd fixed line competitor
   - Mobile competition
   - Satellite regulation – VSAT, DTH
   - Broadcasting

   PERSONNEL: Regulatory Expert
   LOE: 10 days
   TIMELINE: October-November, or once the new Board of Commissioners is in place.

TRC Action Plan Timeline

	Month 1*	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Institution Strengthening: Evaluate staffing and organization of TRC	Ongoing							
Institution Strengthening: plan	Ongoing							
Institution Strengthening: Develop internal procedures								
Institution Strengthening: Task 4 Develop training programs								
Institution Strengthening: Task 5 Implement programs								
Institution Strengthening: Task 6 Establish procedures for decision-making								
Institution Strengthening: Task 7 Enhance public relations capabilities								
Institution Strengthening: Task 8 Implement pro-consumer policies								
Institution Strengthening: Task 9 Launch public relations campaign	TBD - After Board of Commissioners is in place							
Institution Strengthening: get	TBD							
Regulatory Issues: sponsibilities of TRC and MoICT	Ongoing							
Regulatory Issues: spectrum management tools	Ongoing							
Regulatory Issues: Task 3 Prioritize initiatives, identify resources/time								

* Month 1 is assumed to be September 2002.